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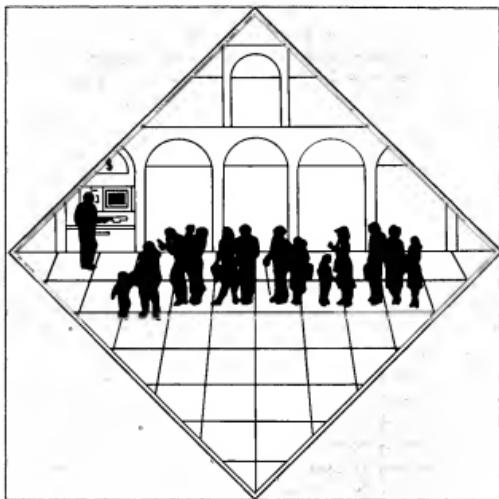


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1986 Census of Canada

FAMILY INCOME



by A. Rashid

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PREFACE

The 1986 Census of Canada provided, as did all the previous censuses, a rich source of information on individual, family and household characteristics of Canadians. The census data allow individual researchers as well as academic, business, cultural, social and governmental organizations to undertake in-depth enquiries and analyses on those social issues which interest and concern them.

This study is part of the 1986 Focus on Canada Series. The series is a modest effort by Statistics Canada to provide overviews of a wide variety of subjects on which the 1986 Census collected information. The studies have been written by experts, both inside and outside Statistics Canada, in non-technical language supported by simple tables and attractive charts. The topics include demographic characteristics (population, families, farmers, youth, seniors, the disabled), socio-cultural characteristics (ethnicity, language, education), and economic characteristics (women in the labour force, affordability of housing, occupational trends, employment income, family income).

The present study on "Family Income" was authored by Abdul Rashid of Labour and Household Surveys Analysis Division in Statistics Canada.

I would like to express my appreciation to the authors, to the reviewers and to the staff of the Bureau involved in managing and producing this series.

We hope that the studies in the Focus on Canada Series will not only provide Canadians with very useful information on various facets of Canadian society, but will also be an inducement for them to undertake further research on the topics.

Ivan P. Fellegi
Chief Statistician of Canada

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HIGHLIGHTS

- Average family income in 1985, at \$37,827, was 1.2% below the 1980 level of \$38,276, after adjustment for inflation. With declining average family size, however, income per family member increased by 2.3% between 1980 and 1985.
- The number of all families increased by 6% over the five years but the number of lone-parent families increased by nearly 20%, and that of elderly families increased by 14%. The number of husband-wife families with wives reporting employment income increased by 12% and that of families with wives reporting no employment income decreased by 4%.
- The elderly families gained about 5% in average income. Average income of younger families with husbands or parents 15 to 24 years and 25 to 34 years dropped, respectively, by 16% and 12% between 1980 and 1985.
- Families with both spouses working maintained their income between 1980 and 1985, but the income position of one-earner families and of lone-parent families has worsened since 1980. Average income of female lone-parent families in 1985 was 51% of the overall average family income.
- Both the proportion and average income of families without an earner increased between 1980 and 1985.
- Consistent with the overall decline in average income, there was a slight increase in 1985 in the proportions of families in lower family income groups below \$25,000.
- In 1985, the bottom and the top tenths of families received, respectively, 1.5% and 25.5% of all income. Over one-half of the total income of the families in the lowest two deciles came from government transfer payments.
- Between 1980 and 1985, there were small reductions in the income shares of families in the lower income deciles, indicating a slightly increased income inequality.
- Compared with 12.8% in 1980, 14.1% of all census families had a total income below Statistics Canada's low income cut-offs in 1985. The increase was highest among young families (husbands or parents under 25 years), from 23.4% in 1980 to 33.2% in 1985. The incidence of low income dropped from 11.6% to 8.2% among elderly families during the period.

- The incidence of low income was highest among female lone parents at 45.1% compared with 43.2% in 1980, and it was lowest among elderly families at 8.2% compared with 11.6% in 1980. On the whole, the incidence was twice as high among families with children than among families without children.
- The number of non-family persons 15 years and over increased by about 13% during the first half of the decade, but there has been no change in the composition of non-family persons by sex, age or living arrangements since the 1981 Census.
- Average income of male non-family persons declined by 5% and that of female non-family persons increased by 3%, thus bringing the ratio of female to male income to 77.3% in 1985 compared with 71.3% in 1980. Younger non-family persons, aged 15 to 64 years, lost 4.3% in their average income, but the elderly non-family persons gained 9.4% between 1980 and 1985.
- In one-half of all provinces and territories, average family income in constant (1985) dollars increased between 1980 and 1985, while it decreased in the other half. The largest increase occurred in the Northwest Territories (6.9%), followed by Nova Scotia (5.2%). The largest decline occurred in the Yukon (11.6%), followed by British Columbia (9.7%).
- As a result of variations in provincial changes in family income, provinces changed ranking between 1980 and 1985, with Ontario moving to the top position in 1985.
- The gap between the highest and the lowest provincial average family incomes was lower in 1985 compared with 1980.

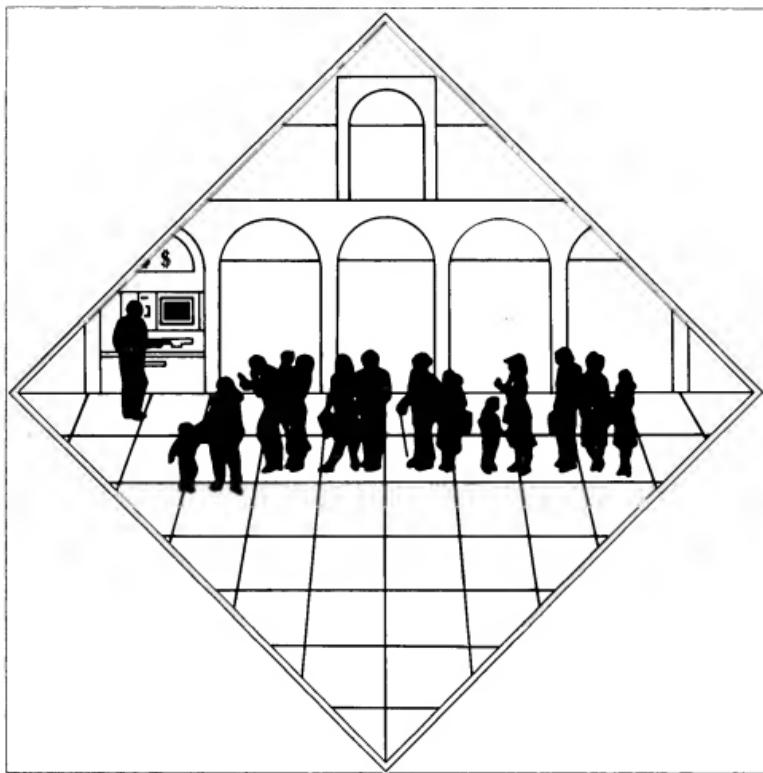
INTRODUCTION

The current income of a family is the most important indicator of its economic well-being, while changes in family income over time provide a measure of changes in its standard of living. This report analyses changes in the incomes of census families between 1980 and 1985, based on information collected in the 1981 and 1986 Censuses.

Changes in income usually do not diffuse uniformly across the various regions of the country. Nor do the various types of families experience identical changes. Some groups maintain their purchasing power, others lose it, and still others forge ahead. Moreover, an increase in the prices of goods and services leads to a reduction in the purchasing power of the dollar. Thus, the real gain or loss in family income depends on, among other things, the extent of inflation.

This report examines changes in family incomes between 1980 and 1985, after an adjustment for inflation as measured by the change in the Consumer Price Index. In some cases, the changes are traced back to 1970. Other factors taken into account include the impact of changes in family structure, age profile, and number and combination of earners, on the incomes of various types of families. Changes in the incomes of persons not in families are examined by their age and living arrangements. In addition, the distribution of families, their share of income and the composition of their income within income deciles are described. The incidence of low income and income equality among census families are analysed. Finally, regional differences in family incomes are highlighted.

The 1971, 1981 and 1986 Censuses of Canada are sources for most of the information, occasionally supplemented by data from the annual Survey of Consumer Finances. Relevant income data for 1980 and 1985 are included with the analysis, while references to 1970 incomes and other statistics, where not included, are based on previously published information. Incomes for years prior to 1985 were adjusted for inflation, as measured by changes in the Consumer Price Index. Thus, except where otherwise noted, all income figures are stated in terms of constant (1985) dollars, that is, the value of a dollar in 1985.

FAMILY INCOME AND FAMILY CHARACTERISTICS

FAMILY INCOME AND FAMILY CHARACTERISTICS

This chapter begins with a description of the overall changes in current and real incomes of census families between 1970 and 1985. This is followed by an analysis of changes in average incomes and income size distributions by family structure and age profile.

A census family consists of a married or common-law couple with or without never-married children, or of a lone parent with one or more never-married children. Family income consists of all money income received during the reference year (that is, the calendar year preceding the census or survey) by all members 15 years and over in a family. It includes wages and salaries, self-employment, government transfer payments, investment, retirement pensions and other miscellaneous sources. Census income concept excludes capital gains and losses, lump sum receipts from insurance settlements or inheritances, lottery prizes, all income in kind, etc.¹

Impact of Inflation

The average income of a census family in 1985 was \$37,827 compared with \$26,748 in 1980. This amounted to an increase of \$11,079 or 41.4% over the five years. The prices of goods and services, however, also increased during this period. When changes in prices are taken into account, real family income in 1985 was lower by 1.2% compared with 1980.

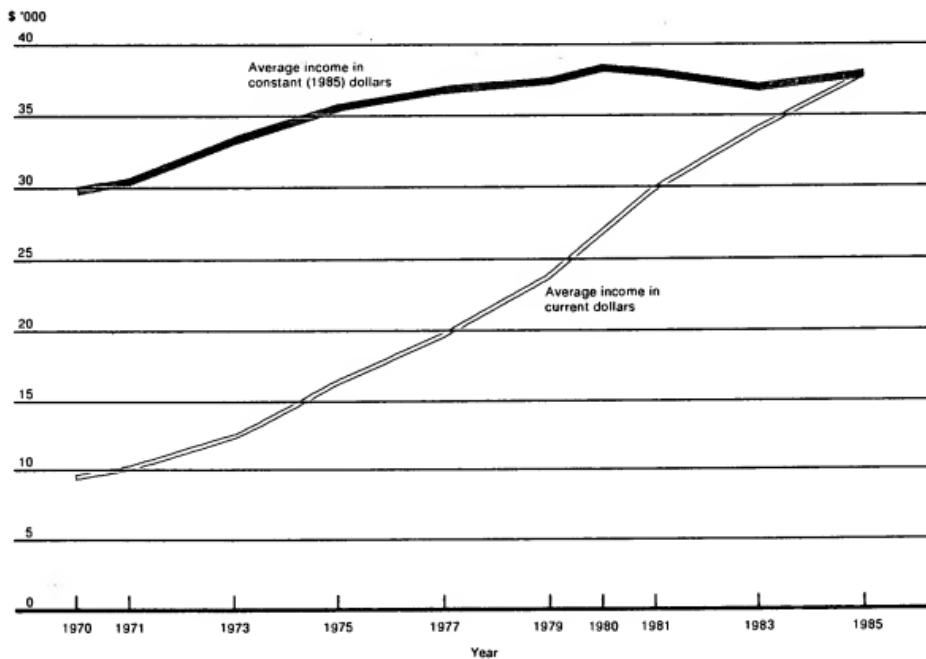
Chart 1 presents average incomes of census families, both in current and constant (1985) dollars, for selected years between 1970 and 1985. The first curve shows that, during the entire period, current average family income increased at a steady rate from \$9,608 in 1970 to \$16,368 in 1975 to \$26,748 in 1980 and to \$37,827 in 1985. Thus, over the 15 years, average family income quadrupled.

The second curve, taking into account the extent of inflation as measured by changes in the Consumer Price Index, plots average family incomes in terms of 1985 dollars. Unlike the current income curve, the real income curve does not show a uniform upward movement in real incomes. In the first half of the seventies, there were substantial gains in family incomes. Average family income, adjusted for inflation, increased by 19.3%, from \$29,803 in 1970 to \$35,561 in 1975. Between 1975 and 1980, average family income increased by 7.6% to \$38,276 in 1980. Although the increases were smaller in the second half of that decade, family incomes stayed well ahead of inflation. However, with the recession of the early eighties, real family incomes stumbled in 1981. The downward trend continued to 1984, after which average family income began to rise again. However, average family income in 1985, in constant dollars, was still lower than the peak reached in 1980.

¹ For details, see Family Income: Census Families, Catalogue No. 93-117.

Chart 1.

Average Income of Census Families in Current and Constant (1985) Dollars, Canada, Selected Years, 1970-1985



Source:

Data for 1970, 1980 and 1985 — Census of Canada.

Data for other years — Survey of Consumer Finances.

Family Structure and Incomes Change

The first half of the eighties saw further changes in the structural profile of Canadian families. Moreover, income changes experienced by families of different types varied considerably.

Table 1 shows changes in the number of families and their average income by family structure in 1980 and 1985. Over the five years, the number of all families increased by 6.5% or 408,500 families. Although husband-wife families account for nearly nine-tenths of all families, only two-thirds of the

1980-1985 increase in all families went to husband-wife families, while one-third went to lone-parent families. As a result, the number of husband-wife families increased by 4.8%, while that of lone-parent families increased by 19.5%. A comparison of the average incomes of these two main types of families in 1980 and 1985 shows that, while the average income of husband-wife families decreased by an insignificant 0.3%, that of lone-parent families decreased by 3.5%.

Table 1. Number and Average Income of Census Families in Constant (1985) Dollars by Family Structure and Age of Husband/Lone Parent, Canada, 1980 and 1985

Family structure and age of husband/lone parent	1980		1985		Change in	
	Number of families	Average family income	Number of families	Average family income	Number of families	Average family income
All families:	6,325,315	\$ 38,276	6,733,845	\$ 37,827	6.5	-1.2
Family structure						
Husband-wife families	5,611,500	40,335	5,880,550	40,222	4.8	-0.3
Wife with employment income	3,101,375	46,187	3,464,810	46,221	11.7	0.1
Wife without employment income	2,510,125	33,104	2,415,740	31,618	-3.8	-4.5
Lone-parent families	713,810	22,090	853,300	21,321	19.5	-3.5
Male parent	124,380	33,261	151,485	31,252	21.8	-6.0
Female parent	589,435	19,733	701,815	19,177	19.1	-2.8
Age of husband/lone parent						
15-24 years	367,870	24,826	274,560	20,849	-25.4	-16.0
25-34 years	1,622,605	38,103	1,628,485	33,651	0.4	-11.7
35-44 years	1,413,035	42,091	1,702,835	41,695	20.5	-0.9
45-54 years	1,188,360	47,121	1,205,190	46,255	1.4	-1.8
55-64 years	940,720	40,829	1,021,355	40,511	8.6	-0.8
65 years and over	792,725	27,627	901,415	28,927	13.7	4.7

Source:

1981 and 1986 Censuses of Canada, unpublished data.

Both husband-wife families and lone-parent families have been changing over time. Between 1970 and 1980, the number of families in which wives reported some employment income increased by 66.9%, whereas the number of families in which wives reported no employment income decreased by 8%. This trend continued during the next five years to 1985, when the number of the former families increased by 11.7%, while that of the latter decreased by 3.8%.

Lone-parent families have undergone even more significant changes. In the seventies, the number of lone-parent families increased at a much faster rate than that of husband-wife families, with female lone parents contributing a proportionately larger share in the increase than male lone parents. In the first half of the eighties, the rate of increase in the lone-parent families continued to be faster than that of husband-wife families but a new phenomenon seems to have been introduced. Between the 1981 and 1986 Censuses, the number of male lone-parent families increased by 21.8%, compared with 19.1% for female lone-parent families. However, the impact of this change on the overall proportion of female lone-parent families was negligible. Female lone parents still accounted for more than four out of five lone-parent families.

An examination of the average income of these four groups of families in Table 1 shows that families with working wives maintained their income position during the first half of the current decade, while those in which wives did not report any employment income experienced a decrease of 4.5% in their average family income. Both male and female lone-parent families saw their average family incomes in 1985 drop from the 1980 levels, with a 6% decrease for male lone-parent families and a 2.8% decline for female lone-parent families.

Compared with 1980, the position of lone-parent families relative to other families has worsened. In 1970, the average incomes of male and female lone-parent families were, respectively, 83% and 56% of the income enjoyed by the average family. By 1980, the male lone-parent families improved their position to 87%, but the average income of female lone-parent families dropped to 52%. In the next five years, male lone-parent families lost the gains made

in the seventies. As a proportion of the overall average family income, their average income, as in 1970, was again 83%, while that of female lone-parent families dropped another percentage point to 51% in 1985.

Family Age Profile and Incomes Change

Table 1 also shows changes in the number of families and their average income for 1980 and 1985 by age of husband or lone parent. The changes in various age groups were extremely uneven. Except for the elderly families, average family income in all other age groups decreased. In the lower age groups, the decreases were substantial, with the youngest families suffering a decline of 16% in their income between 1980 and 1985. The average family income of the next age group (25 to 34 years) also decreased by 11.7%. On the whole, families with husbands or parents under 65 years lost 4.4% in average family income between 1980 and 1985. Of the six age groups, only the older group (65 years and over) gained 4.7% during the period.

The impact of changes in family income by age was tempered by changes in the age profile of families. For example, on the one hand, the youngest group with husbands or parents under 25 years had the largest decline (16%) in family income but the group also experienced the largest decline (25.4%) in numbers. On the other hand, the elderly families with husbands or parents 65 years and over were the only group which had an increase (4.7%) in family income and their numbers also increased (13.7%) between 1980 and 1985.

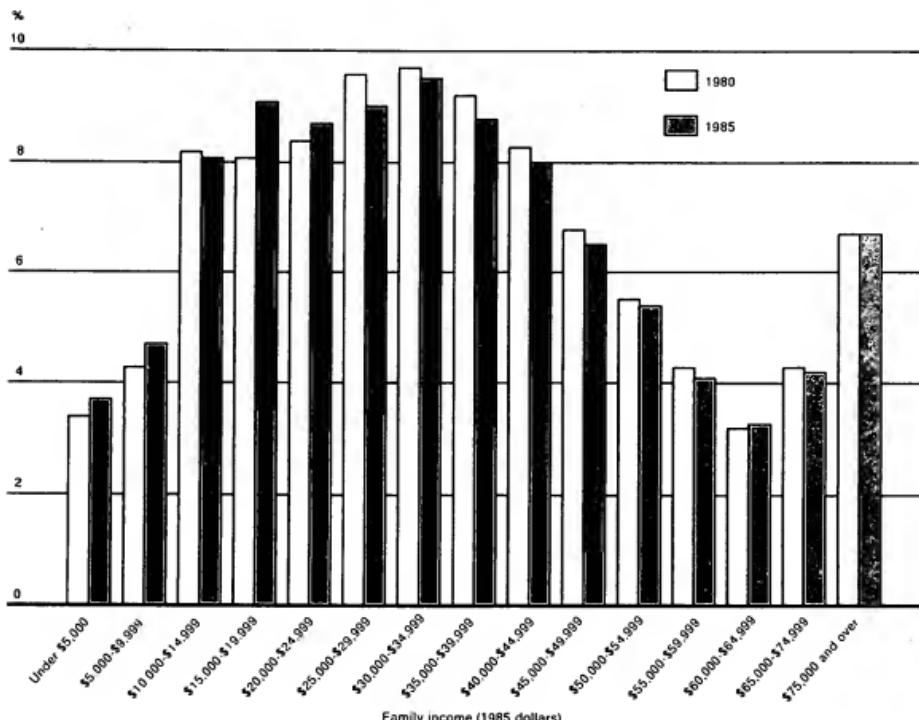
The overall decrease of 1.2% in the average income of all families between 1980 and 1985 is due to the combined impact of many factors, which include those discussed in this study. The lack of change in the average income of families with working wives and a decline of 5.7% in the average income of all other families between 1980 and 1985 were negative factors. But the substantial increase of 11.7% in the number of families with wives reporting employment income was a positive factor which contributed towards keeping the overall decrease in average family income to 1.2%.

Small Changes in Income Size Distributions

The income size distributions of all families for 1980 and 1985, shown in **Chart 2**, indicate only minor changes which are consistent with the decline in average income, as discussed earlier. The proportions of families in most of the income groups below \$25,000 show a slight increase, while the proportions in all the groups between \$25,000 and \$60,000 have decreased slightly. The percentage of families with a total income of \$75,000 or more was exactly the same in 1980 as in 1985.

The detailed distributions of families by family structure and income size in 1980 and 1985, shown in **Table 2**, further clarify this situation. The number of all census families increased by 6.5% or 408,500 during this period but the number of families with a total income under \$25,000 increased by 12.9% or 264,700. The shift from the upper to the lower income groups was shared by all family types. About 60% of the increase in families with an income of less than \$25,000 was accounted for by husband-wife families, 33% by female lone-parent families and 7% by male lone-parent families.

Chart 2. Percentage Distribution of Census Families by Family Income Groups in Constant (1985) Dollars, Canada, 1980 and 1985



Source:
1981 and 1986 Censuses of Canada, unpublished data.

Table 2.

Percentage Distribution of Census Families by Family Structure and Family Income Groups in Constant (1985) Dollars, Canada, 1980 and 1985

Family income group (1985 dollars)	All families		Husband-wife families				Lone-parent families			
			Wife with employment income		Wife without employment income		Male parent		Female parent	
	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985
%										
Under \$5,000	3.4	3.7	1.0	1.0	3.8	4.5	5.2	6.4	14.0	13.9
\$ 5,000 - \$ 9,999	4.3	4.7	1.4	1.6	4.1	4.6	7.3	8.9	19.5	19.7
10,000 - 14,999	8.2	8.1	2.9	3.2	13.2	12.7	8.9	10.0	15.2	16.4
15,000 - 19,999	8.1	9.1	4.6	5.1	11.3	13.8	8.9	9.9	12.3	11.9
20,000 - 24,999	8.4	8.7	6.4	6.8	10.4	10.9	10.3	9.8	10.3	10.5
25,000 - 29,999	9.6	9.0	8.3	8.3	11.3	10.3	11.5	10.2	8.0	7.9
30,000 - 34,999	9.7	9.5	10.1	9.8	10.0	10.0	10.4	10.2	5.9	6.1
35,000 - 39,999	9.2	8.8	10.8	10.3	8.5	8.2	8.7	8.3	4.3	4.2
40,000 - 44,999	8.3	8.0	10.7	10.1	6.8	6.6	6.8	6.7	3.1	3.0
45,000 - 49,999	6.8	6.5	9.4	8.9	4.7	4.6	4.9	4.7	2.2	2.0
50,000 - 59,999	9.8	9.5	14.1	13.8	6.3	5.8	7.2	6.4	2.6	2.2
60,000 - 74,999	7.5	7.5	11.1	11.3	4.6	4.0	5.0	4.4	1.5	1.3
75,000 and over	6.7	6.7	9.2	9.7	4.8	4.1	4.9	4.0	1.1	0.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number '000	6,325	6,734	3,101	3,465	2,510	2,416	124	151	589	702
Average income \$	38,276	37,827	46,187	46,221	33,104	31,618	33,261	31,252	19,733	19,177
Median income \$	34,143	33,434	42,165	41,929	28,150	26,713	29,115	27,405	15,505	15,005
Standard error of average income \$	24	25	35	34	38	43	154	143	46	43

Source:

1981 and 1986 Censuses of Canada, unpublished data.

Income Per Family Member Increases

In a census family, the total family income is shared by members of the family. The smaller the number of persons sharing a given family income, the better off the family is likely to be. **Table 3** shows average family size, average family income and average income per family member for selected years between 1970 and 1985.

The average family size in Canada has declined significantly over the years. From 3.72 persons per family in 1970, the average family size dropped to 3.45 persons in 1975, to 3.26 persons in 1980, and

to 3.15 persons in 1985. In the first half of the seventies, both the total average family income as well as the average income per family member increased substantially. In the latter half of that decade, even though the increase in average family income slowed down to 7.6%, average per capita income grew by 13.9% because of the drop in family size. Between 1980 and 1985, average family income dropped by 1.2% but, with the average family size also declining, each family member had in fact 2.3% more income in 1985 compared with 1980.

Table 3. **Average Size of Census Families and Average Income in Constant (1985) Dollars Per Family and Per Family Member, Canada, Selected Years, 1970-1985**

Year	Average			Change in average		
	Number of persons	Family income	Income per person	Number of persons	Family income	Income per person
			\$			%
1970	3.72	29,803	8,012	-	-	-
1975	3.45	35,561	10,308	-7.3	19.3	28.7
1980	3.26	38,276	11,741	-5.5	7.6	13.9
1985	3.15	37,827	12,009	-3.4	-1.2	2.3

Source:

Data for 1970, 1980 and 1985 — Census of Canada.

Data for 1975 — Survey of Consumer Finances.

FAMILY INCOME AND NUMBER AND COMBINATION OF EARNERS

On average, 81 cents out of a dollar of total family income in 1985 came from employment income. Census data support the proposition that the larger the number of employment income recipients in a family the larger is likely to be its total income. The average income of a family without any employment income in 1985 was only \$16,967, while that of a family with three or more earners was \$57,630.

Distribution by Number of Earners Changes

The average income of families without an earner in 1985 was \$16,967. It increased to \$30,090 for one-earner families, to \$43,546 for two-earner families and to \$57,630 for families with three or more earners. Between 1980 and 1985, the average income of these three groups dropped, respectively, by 2.4%, 0.8% and 2.4%. In contrast, families without an earner gained 8% in their average income.

Chart 3 shows the distribution of families by number of earners in selected years from 1970 to 1985. In 1970, only 8.2% of all families were without any employment income and 43.1% had a single earner. By the mid-seventies, two-earner families became the largest group, accounting for 40.6% of all families. The proportion of families with a single earner dropped by over six percentage points, and the proportions of families with no earner and with three or more earners increased. This trend continued until 1980, but data from the 1986 Census show some changes in the previously observed trends.

Although the proportion of one-earner families further declined by three percentage points between 1980 and 1985, the proportion of families with two earners moved up by less than a percentage point and that of three or more earners declined by half a percentage point. Instead, the proportion of families without any employment income went up from 11.8% in 1980 to 14.3% in 1985.

A major cause of the drop in one-earner families and increase in two-earner families until 1980 was the tremendous movement of wives into the labour force in the seventies. Although this movement has not yet reached its peak, the increase in the rate has certainly slowed down. This may be the primary reason for the minimal change in the proportion of two-earner families between 1980 and 1985.

It is not certain whether these changes are the beginning of a new trend in the distribution of families by the number of earners. Several factors, including the recession of the early eighties with higher unemployment rates, the trend towards early retirement and the changing family structure and age profile, had an impact on family incomes. Table 4 highlights the impact of changes in family structure and family age profile on the presence of employment income and total income.

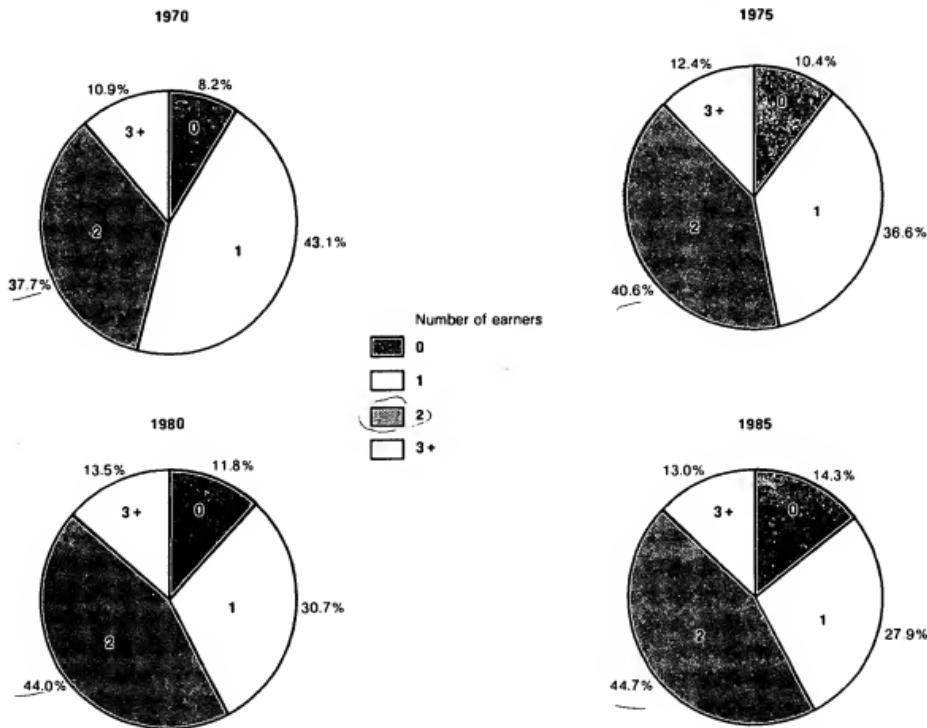
More Families Without Employment Income

Between 1980 and 1985, the number of all families increased by 408,500 or 6.5%. Compared with an increase of 3.5% in the number of families with employment income, the number of families without employment income increased by 28.5%. The increase in the families without employment income was not restricted to any particular type of family but was spread across all family types.

There is a high probability of absence of employment income among elderly families. The proportion of elderly families increased from 12.5% in 1980 to 13.4% of all families in 1985. In addition, census data indicate that fewer and fewer persons 65 years and over depend on employment income. Between 1980 and 1985, the incidence of employment income among elderly families declined from 43.1% to 38.9%. As a consequence, nearly half (46.7%) of the increase in the number of families without employment income was accounted for by elderly families.

Chart 3.

Percentage Distribution of Census Families by Number of Earners, Canada, Selected Years, 1970-1985

**Source:**

Data for 1970, 1980 and 1985 — Census of Canada.

Data for 1975 — Survey of Consumer Finances.

Another group with lower than average incidence of employment income consists of lone-parent families. The proportion of these families increased from 11.3% in 1980 to 12.7% of all families in 1985. Since most of these families consist of lone parents with young children, an increase in these families will translate, in most cases, into an increase in zero-earner and one-earner families. Over one-fifth of the increase between 1980 and 1985 in families without employment was contributed by lone-parent families.

As Table 4 shows, the average total income of families without any employment income increased by \$1,255 or 8% between 1980 and 1985, while that of families with employment income remained constant.

The proportion of husband-wife families without employment income increased from 10.4% in 1980 to 12.7% in 1985. The average income of husband-

wife families without employment income increased by \$1,562 or 8.7% and that of families with employment income increased by about \$300 or 0.7% between 1980 and 1985. The overall average income of all husband-wife families, however, decreased by \$113 or 0.3%.

This paradox of two positive changes resulting in an overall negative change is due to changes in the underlying distributions of husband-wife families. Between 1980 and 1985, there was a shift of over two percentage points in favour of the lower income group of families without employment income. Thus, although the average income of each of the two groups, with or without employment income, increased between 1980 and 1985, the change in the relative distribution of the two groups that took place during this period produced a lower overall average income of husband-wife families.

Table 4.

Percentage Distribution and Average Income in Constant (1985) Dollars of Census Families by Family Structure, Age of Husband/Parent and Presence of Employment Income, Canada, 1980 and 1985

Family structure, age and presence of employment income	Distribution		Average family income	
	1980	1985	1980	1985
		%		\$
All families	100.0	100.0	38,276	37,827
Without employment income	11.8	14.3	15,712	16,967
With employment income	88.2	85.7	41,304	41,302
Family structure				
Husband-wife families	100.0	100.0	40,335	40,222
Without employment income	10.4	12.7	17,946	19,508
With employment income	89.6	87.3	42,941	43,242
Male lone-parent families	100.0	100.0	33,261	31,252
Without employment income	9.3	12.1	10,117	9,639
With employment income	90.7	87.9	35,626	34,228
Female lone-parent families	100.0	100.0	19,733	19,177
Without employment income	25.8	27.8	7,534	7,908
With employment income	74.2	72.2	23,969	23,515
Age of husband/parent				
Husband/parent under 65 years	100.0	100.0	39,800	39,202
Without employment income	5.4	7.0	9,740	10,464
With employment income	94.6	93.0	41,507	41,380
Husband/parent 65 years or over	100.0	100.0	27,637	28,927
Without employment income	56.9	61.1	19,644	21,816
With employment income	43.1	38.9	38,204	41,007

Source:

1981 and 1985 Censuses of Canada, unpublished data.

The proportion of lone-parent families, both male and female, increased. Within each of these two types, the proportions of families without employment income increased between 1980 and 1985. The only group that had a slight improvement in its average income consisted of female lone-parent families without any employment income.

Even among families with husbands or parents under 65 years, the proportion of those without employment income increased from 5.4% in 1980 to 7.0% in 1985. Not only did the proportion of those with employment income drop, but their average family income also declined slightly. The average income of families without employment income increased by 7.4%. On the whole, the average income of families with husbands or parents under 65 years declined by 1.5% between 1980 and 1985.

Among families with husbands or parents 65 years or over, the proportion of those without employment income increased by over four percentage points from 56.9% in 1980 to 61.1% in 1985. There was, of course, an equal decrease in the proportion of those with employment income. However, the average family income of both groups, with or without employment income, increased over the five years. In fact, the average gain in family income by the elderly families without employment income was the most significant at 11.1%. As a result, the overall average income of elderly families increased, in real terms, by 4.7%, from \$27,637 in 1980 to \$28,927 in 1985.

More Families With Both Spouses Earning

Besides the presence and number of earners in a family, the combination of earners within the family also has a significant impact on the size of family income. Employment income results from work in the labour market, and husbands and wives are the primary workers in a census family. Furthermore, the market activity is generally age-related. Therefore, the analysis of the number and combination of earners in this section is restricted to husband-wife families with husbands under 65 years. The relevant data are presented in **Table 5**. Several points emerge.

First, the average total income of families without employment income increased by 6.8% and that of families with employment income also increased slightly between 1980 and 1985. However, the proportion of families without employment income increased from 3.2% in 1980 to 4.4% in 1985. Because of this shift, average total income of all families with husbands under 65 years was slightly lower in 1985 than in 1980.

Secondly, the incidence of employment income among husbands under 65 years declined from 93.9% in 1980 to 91.3% in 1985, while the incidence of employment income among wives in these families increased from 61.9% to 66.1% over the five years.

Thirdly, the proportion of families in which the wife did not report employment income, but the husband did, dropped from 35% in 1980 to 28.5% in 1985.

Fourthly, even though work activity on the part of husbands under 65 years dropped, the greater participation of wives in the labour market increased the proportion of families with both spouses reporting employment income, from 59% in 1980 to 62.7% in 1985.

Finally, the statistics in Table 5 show that the average family incomes of nine out of eleven groups, by combination of earners in husband-wife families with husbands under 65 years, decreased between 1980 and 1985. The overall average income of these families (with employment income), however, increased from \$43,161 in 1980 to \$43,329 in 1985. This is due to the shifts among various combinations, especially the fact that not only did the proportion of families with two earners (husband and wife) increase from 46.5% in 1980 to 49.5% in 1985, but the average income of this largest group also increased by 1.4% from \$43,537 in 1980 to \$44,154 in 1985.

The analyses in this chapter have highlighted the variation in family incomes by the number and variety of combination of earners. In addition to the factors discussed earlier, the overall change in family income between 1980 and 1985 was also affected by the changes in the distribution of families by the combination of earners.

Table 5.

Percentage Distribution and Average Income in Constant (1985) Dollars of Husband-wife Census Families, Husband Under 65 Years, by Number and Combination of Earners, Canada, 1980 and 1985

Number and combination of earners	Distribution		Average family income	
	1980	1985	1980	1985
	%		\$	
Husband-wife families, husband under 65 years	100.0	100.0	42,192	42,011
Without employment income	3.2	4.4	12,512	13,366
With employment income	96.8	95.6	43,161	43,329
One earner	28.8	25.2	32,843	32,072
Husband only	26.6	21.9	33,681	33,424
Wife only	1.7	2.6	22,152	22,753
Child only	0.6	0.7	24,651	24,246
Two earners	52.3	54.6	43,724	44,097
Husband and wife	46.5	49.5	43,537	44,154
Husband and child	5.3	4.4	46,353	45,262
Wife and child	0.3	0.5	33,669	33,637
Children only	0.2	0.2	33,753	32,299
Three or more earners	15.8	15.8	60,117	58,667
Husband and wife and children	12.5	13.3	60,425	59,273
Husband and children	3.1	2.2	60,002	56,978
Wife and children	0.2	0.2	45,534	44,353
Children only	0.1	0.1	44,660	43,657

Source:

1981 and 1986 Censuses of Canada, unpublished data.

PERSONS NOT IN FAMILIES

Persons living outside the nuclear family form a significant part of the total population. These persons live either alone or in a household where they are not related to another person in a husband-wife or in a parent and never-married child relationship. This chapter examines the growth, since the 1981 Census, in the number of persons not in families, their composition and living arrangements, and analyses changes in their incomes between 1980 and 1985.

Non-family Persons Grow Faster Than Families

At the time of the 1986 Census, there were 3,472,000 non-family persons 15 years and over. They accounted for about 15% of all persons in private households. Over the years, this group has been expanding at a rate faster than the families or the general population. Between 1970 and 1980, while the number of families increased by 25%, that of non-family persons increased by 44%. Again, as shown in Table 6, during the first half of the eighties, non-family persons experienced a much faster growth (12.8%) compared with families (6.5%).

Between 1970 and 1980, the proportion of females dropped slightly, from 56% to 55% of all non-family persons, and the proportion of those aged 15 to 64 years increased, from 69% to 72%. No change occurred in either the sex or the age distributions of non-family persons during the first half of the eighties.

Major changes occurred in the living arrangements of this group between 1970 and 1980. At the beginning of the seventies, 38% of non-family persons were living alone, 31% were living with

unrelated persons and 31% were living with relatives. In ten years, the proportion of those living alone increased to 55%, while only 23% were living with relatives. Over the last five years, as the data in Table 7 show, there has been little change in these living arrangements other than an increase of one percentage point in the living-alone category.

Average Incomes by Sex and Age Change

The changes in the incomes of non-family persons between 1980 and 1985 are consistent with those observed for families during the same time period. The average income of non-family persons in terms of constant (1985) dollars dropped by 1.4%, from \$15,719 in 1980 to \$15,495 in 1985.

By sex, average income of males declined by 5.2% but that of female non-family persons increased by 2.8%. As a result of these changes, the trend towards narrowing of the difference by sex in the average income of non-family persons, observed in the seventies, continued in the eighties. The ratio between the average incomes of female and male non-family persons in 1970 was 68.1%. It increased to 71.3% in 1980 and to 77.3% in 1985.

For non-family persons 15 to 64 years, employment income accounted for well over four-fifths of their total income. They suffered, on average, a decline of about \$1,000 in their employment income and another \$120 in investment income. Although this group gained about \$325 in average government transfer payments and another \$130 from miscellaneous sources, these gains could not compensate for the loss from employment income. As a result, the average income of younger (15 to 64 years) persons not in families declined by 4.3% over the five years.

Table 6.

Percentage Distribution of Non-family Persons 15 Years and Over by Sex, Age and Income Groups in Constant (1985) Dollars, Canada, 1980 and 1985

Income group (1985 dollars)	All non-family persons		Sex				Age			
			Men		Women		15-64 years		65 years and over	
	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985
%										
No income	4.7	4.6	4.2	4.5	5.1	4.7	5.9	5.8	1.7	1.5
Less than \$2,000	4.1	4.6	4.1	4.8	4.1	4.4	5.4	6.0	0.8	0.9
\$ 2,000 - \$ 4,999	7.2	7.6	7.0	8.2	7.3	7.2	9.4	10.1	1.5	1.3
5,000 - 6,999	11.2	7.1	8.5	7.5	13.4	6.7	8.0	9.4	19.4	1.2
7,000 - 8,999	15.2	16.8	10.4	10.6	19.1	21.9	6.2	6.5	38.1	43.2
9,000 - 11,999	9.1	12.4	8.3	10.3	9.7	14.1	7.6	8.3	12.8	22.9
12,000 - 14,999	8.0	7.8	7.7	7.7	8.3	7.9	8.4	7.6	7.2	8.3
15,000 - 19,999	11.3	11.0	10.9	11.0	11.6	11.0	12.8	12.2	7.3	8.0
20,000 - 24,999	9.6	8.7	11.1	9.5	8.3	8.0	11.7	10.4	4.1	4.4
25,000 - 29,999	7.0	6.4	9.3	7.9	5.1	5.3	8.8	7.9	2.4	2.7
30,000 - 34,999	4.6	4.7	6.4	6.2	3.1	3.5	5.8	5.9	1.5	1.7
35,000 - 39,999	2.9	2.9	4.1	4.0	1.8	1.9	3.6	3.6	0.9	1.1
40,000 and over	5.2	5.3	8.0	7.8	2.9	3.3	6.3	6.3	2.4	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number '000	3,079	3,472	1,384	1,567	1,694	1,905	2,218	2,499	860	973
Average income \$	15,719	15,495	18,667	17,696	13,310	13,685	17,227	16,489	11,832	12,942
Median income \$	11,515	11,244	14,919	13,583	9,290	10,077	14,639	13,498	8,400	9,172
Average employment income \$	11,218	10,378	15,351	13,907	7,841	7,477	15,152	14,076	1,078	886
Average government transfer payments \$	2,299	2,852	1,638	3,094	2,838	3,476	856	1,185	6,016	7,134
Average investment income \$	1,591	1,485	1,212	1,074	1,900	1,823	910	791	3,344	3,267
Average retirement and other income \$	611	779	465	621	731	909	308	438	1,394	1,655
Average household income ¹ \$	28,155	26,847	32,056	29,687	24,966	24,513	30,722	28,942	21,536	21,469

¹ For households containing non-family persons.

Source:

1981 and 1986 Censuses of Canada, unpublished data.

Table 7.

Percentage Distribution of Non-family Persons 15 Years and Over by Age, Living Arrangements and Income Groups in Constant (1985) Dollars, Canada, 1980 and 1985

Income group (1985 dollars)	Living arrangements									
	Alone									
	Total		15-64 years		65 years and over		With unrelated persons		With related persons	
	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985
%										
No income	1.5	1.9	2.1	2.7	0.3	0.4	6.5	6.0	10.8	10.1
Less than \$2,000	2.7	3.0	3.7	4.3	0.6	0.7	6.1	6.6	5.7	6.5
\$2,000 - \$4,999	5.2	5.1	7.2	7.4	1.2	1.0	10.3	11.5	9.1	10.1
5,000 - 6,999	10.7	6.3	7.6	9.1	16.8	1.1	9.4	9.5	14.1	6.7
7,000 - 8,999	16.6	17.8	5.5	5.7	38.4	40.5	10.0	10.6	16.8	20.3
9,000 - 11,999	9.2	13.3	6.9	7.4	13.7	24.2	9.1	10.7	8.9	11.9
12,000 - 14,999	7.9	7.9	8.0	7.2	7.9	9.0	8.9	8.3	7.5	7.3
15,000 - 19,999	11.9	11.4	13.8	12.8	8.1	8.8	11.8	11.6	9.2	9.4
20,000 - 24,999	10.4	9.5	13.4	12.0	4.6	4.8	10.1	8.7	7.0	6.5
25,000 - 29,999	8.0	7.5	10.7	9.8	2.7	3.0	7.1	6.2	4.5	4.2
30,000 - 34,999	5.6	5.7	7.5	7.7	1.7	1.9	4.2	4.3	2.6	2.8
35,000 - 39,999	3.6	3.6	4.8	4.9	1.1	1.2	2.5	2.4	1.5	1.6
40,000 and over	6.8	7.0	8.8	9.0	2.8	3.3	4.1	3.6	2.5	2.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number '000	1,690	1,947	1,123	1,266	568	680	681	754	707	771
Average income \$	17,845	17,674	20,479	19,816	12,635	13,684	14,698	13,782	11,619	11,668
Median income \$	13,607	12,974	18,273	17,449	8,617	9,784	11,563	10,611	8,231	8,628
Average employment income \$	12,219	11,232	17,824	16,767	1,131	924	12,638	11,440	7,458	7,185
Average government transfer payments \$	2,658	3,370	930	1,309	6,075	7,208	1,157	1,458	2,540	2,910
Average investment income \$	2,166	2,055	1,306	1,158	3,867	3,725	641	515	1,129	995
Average retirement and other income \$	802	1,017	418	583	1,562	1,826	262	369	492	579
Average household income ¹ \$	17,845	17,674	20,479	19,816	12,635	13,684	42,125	38,556	39,344	38,552

¹ For households containing non-family persons.Source:
1981 and 1986 Censuses of Canada, unpublished data.

The elderly non-family persons also lost in average employment income between 1980 and 1985 but this source accounted for less than one-tenth of their total income. Over one-half of their income came from government transfer payments. Non-family persons 65 years and over received, on average, \$1,100 more in these payments in 1985 than in 1980. A small decline occurred in their average investment income but this was more than compensated for by the increase in their average retirement pensions. As a result of these factors, the total average income of elderly non-family persons increased by 9.4% between 1980 and 1985.

From an income point of view, the living arrangements of persons not in families are very important. The average income of all non-family persons in 1985 was \$15,495, while the elderly non-family persons living alone had an average income of \$13,684. A person with this income would be better off if he or she could share at least the shelter costs with one or more persons. To keep this aspect of the economic position of non-family persons in perspective, the last row in each of Tables 6 and 7 shows the total income of the household in which these persons live. For non-family persons living alone, the income of the household is, of course, identical to their own income.

As in 1980, non-family persons living with other relatives had the lowest average total income, at \$11,668, while the average income of non-family persons living with unrelated persons was slightly higher, at \$13,782. However, both these groups of non-family persons lived in households with an average household total income of about \$38,550. Thus, their own incomes formed part of a much larger pool.

Persons living alone can also be divided by age into two groups. The average income of persons aged 15 to 64 years and living alone declined by 3.2%, from \$20,479 in 1980 to \$19,816 in 1985. In contrast, the elderly non-family persons living alone had an average income of \$13,684 in 1985, an improvement of 8.3% over their average income in 1980.

Income Distributions of Elderly Change

Tables 6 and 7 also provide 1980 and 1985 income size distributions of non-family persons by the various characteristics discussed above. The

important change to note is the shift of over four percentage points from \$5,000-\$6,999 group to \$7,000-\$8,999 and \$9,000-\$11,999 groups. This can easily be explained by an examination of the two distributions of the elderly non-family persons in Table 6.

In 1980, about one in five non-family persons 65 years and over had a total income of \$5,000-\$6,999; in 1985, there was only one out of a 100 such persons in this income group. Over 18% of the elderly non-family persons moved out of this income class, mostly into the next two higher classes. These changes were caused almost exclusively by the increases which took place over the five years in government transfer payments related to old age pensions.

Small changes occurred in the overall income distributions of male and female non-family persons between 1980 and 1985. Commensurate with the changes in their average incomes discussed earlier, there was a slightly larger proportion of males in the lower income groups, whereas the proportion of female non-family persons increased slightly in upper income groups. As a result, the median income of male non-family persons dropped by 9% and that of females increased by 8.5% between 1980 and 1985.

The 1980 and 1985 income size distributions by living arrangements in Table 7 reflect the changes resulting from changes in pensions of the elderly. This becomes clear when a comparison between the distributions of younger and older non-family persons living alone is made.

Between 1980 and 1985, there was a slight shift in the proportions of non-family persons aged 15 to 64 years and living alone from middle income groups into lower income groups. In contrast, the proportion of elderly persons living alone with an income of less than \$7,000 decreased from 18.9% in 1980 to 3.2% in 1985. The average income of non-family persons aged 15 to 64 years and living alone dropped by 3.2%, but their median income dropped by 4.5% between 1980 and 1985. The elderly non-family persons living alone gained 8.3% in their average income and 13.5% in their median income during this period. As a result of these changes in their incomes, there was a smaller proportion of younger non-family persons and a larger proportion of elderly non-family persons in the upper income groups in 1985 compared with 1980.

INCOME DECILES, INCOME EQUALITY AND LDW INCOME

This chapter first examines the income shares of families, their distributions by selected characteristics and the composition of their total income within income deciles in 1980 and 1985. This is followed by a short section on income equality and changes in it since 1980. The chapter is concluded by an analysis of the status of census families and non-family persons in terms of Statistics Canada's low income cut-offs.

Income Deciles

In Table 8, all census families were arranged from the lowest to the highest family income and then divided into ten equal groups. These groups are known as income deciles. The table presents distributions of families by selected characteristics within each decile in 1980 and 1985.

The first row shows the upper income limit in constant (1985) dollars for each of the deciles in 1980 and 1985. All the limits are slightly lower in 1985 compared with 1980. This change is expected in the light of the overall changes in family incomes analysed in earlier chapters.

The second row in the table indicates the share that each decile of families received out of the aggregate income of all families in 1980 and 1985. If all families had received an identical total income, each decile would have received one-tenth of the aggregate income. But, as the data in Table 8 show, there is a large variation in the shares of various deciles. The lower deciles received less than a proportionate share of the aggregate income. The lowest decile received only 1.5% of total income, while the highest decile's share was over 25% in both 1980 and 1985.

Between 1980 and 1985, there have been minor reductions in the income shares of second through sixth deciles, while the shares of eighth, ninth and the top deciles increased. However, the composition of various deciles by family characteristics changed

considerably during the five years, partly due to general demographic changes and partly due to the relative income gains of the elderly.

The overall distribution of families by family structure shows that the proportion of families in which only the husband worked decreased by six percentage points and the proportions of all other family types increased between 1980 and 1985. As a result of the increase in families with both spouses working, nearly three-fourths of the top decile consisted of such families in 1985 compared with a little over two-thirds in 1980. The increase in families where the husbands did not work went mostly into the third, fourth and fifth deciles. Lastly, the increase in female lone-parent families resulted in higher percentages of these families in the two lowest deciles.

The age distribution of families also changed during this period. The proportion of families with husbands or parents under 35 years dropped by over three percentage points, but their proportion actually increased in the lowest decile. The overall proportion of families headed by persons 35 to 44 years increased by three percentage points. This change is apparent in the distributions of families within the upper middle deciles. There was a decrease of one percentage point in the 45-54-year age group, in which average family income generally reaches a peak. The impact of this decrease is seen in the reduced proportions of this group within various deciles but mainly in the upper income deciles. Finally, the effect of the overall increase of one percentage point in the elderly group of families is apparent in their significantly increased proportions in the third and fourth deciles.

Within deciles, the most prominent changes occurred in the lowest and the third deciles in a shift of the elderly families out of the lowest decile. Compared with 13% in 1980, only 7% of the elderly families were in the lowest decile while, in contrast to 20% in 1980, 26% of elderly families were in the third decile in 1985.

Table 8.

Percentage Distribution of Census Families by Selected Characteristics Within Income Deciles, Canada, 1980 and 1985

Characteristic	All families		Lowest decile		Second decile		Third decile		Fourth decile		Fifth decile	
	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985
Upper limit	\$ -	-	11,777	11,347	17,501	16,797	23,597	22,478	29,035	28,073	34,158	33,376
Income share	% 100.0	100.0	1.48	1.49	3.80	3.75	5.37	5.18	6.91	6.70	8.25	8.13
Family structure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Husband-wife												
Both worked	47.3	49.2	15.2	16.0	18.1	19.1	30.8	30.9	39.6	41.2	47.1	48.1
Husband only worked	29.0	23.0	20.9	17.3	23.1	18.2	34.4	24.7	38.6	29.1	37.5	30.8
Husband did not work	12.4	15.1	24.1	22.1	42.5	44.0	19.6	28.4	10.9	16.6	7.3	11.2
Male lone-parent	2.0	2.2	3.0	4.0	2.0	2.5	2.4	2.5	2.4	2.5	2.2	2.5
Female lone-parent	9.3	10.4	36.8	40.6	14.4	16.2	12.9	13.4	8.5	10.6	5.9	7.4
Age of husband/parent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15-24 years	5.8	4.1	12.7	12.2	6.8	5.5	8.5	6.0	8.3	5.5	7.0	4.2
25-34 years	25.7	24.2	27.3	29.5	17.2	18.2	25.2	22.9	28.9	27.2	31.1	29.4
35-44 years	22.3	25.3	18.2	21.4	12.4	14.3	18.0	18.3	20.1	22.1	22.6	25.3
45-54 years	18.8	17.9	13.5	13.7	9.7	9.4	13.3	11.9	15.1	14.2	16.3	15.6
55-64 years	14.9	15.2	15.0	16.3	12.2	12.7	14.9	14.7	15.5	15.5	14.1	14.7
65 years and over	12.5	13.4	13.1	6.9	41.7	39.8	20.1	26.2	12.1	15.5	8.9	10.9
Major source of income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No income	0.3	0.3	2.9	3.1	-	-	-	-	-	-	-	-
Wages and salaries	75.8	72.2	31.3	27.8	39.8	35.0	69.0	57.8	82.6	75.1	87.8	83.8
Self-employment	6.4	5.6	8.1	6.3	6.7	5.3	7.6	6.2	6.1	5.8	5.4	4.9
Government transfers	12.0	15.7	51.6	56.1	47.1	54.4	14.0	27.6	4.2	10.5	1.7	4.3
Investment	3.3	3.2	3.5	3.4	3.1	2.1	4.9	3.6	3.9	3.9	2.9	3.2
Miscellaneous	2.1	3.0	2.5	3.3	3.3	3.3	4.5	4.8	3.2	4.7	2.2	3.8
Composition of income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	77.6	74.9	43.4	38.0	38.6	33.4	63.9	53.1	76.0	67.6	81.3	75.8
Self-employment	6.7	6.2	-13.4	-8.5	5.7	4.2	6.6	5.2	5.4	5.1	4.8	4.4
Government transfers	7.1	9.5	64.0	63.4	43.6	52.4	18.1	28.6	10.2	16.6	7.2	11.2
Investment	6.4	6.0	2.0	2.1	6.5	4.8	6.3	6.1	4.9	5.3	4.2	4.4
Miscellaneous	2.2	3.4	4.0	5.0	5.6	5.2	5.1	7.0	3.4	5.5	2.5	4.1

Table 8. Percentage Distribution of Census Families by Selected Characteristics Within Income Deciles, Canada, 1980 and 1985

Sixth decile		Seventh decile		Eighth decile		Ninth decile		Highest decile		Characteristic
1980	1985	1980	1985	1980	1985	1980	1985	1980	1985	
39,446	38,994	45,542	45,115	53,462	53,173	66,828	66,651	-	-	Upper limit
9.61	9.55	11.09	11.09	12.86	12.94	15.51	15.64	25.12	25.53	Income share
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Family structure
54.8	56.0	61.3	62.6	67.4	68.9	70.9	74.8	68.1	74.4	Husband-wife
33.4	28.1	29.3	25.2	24.7	21.2	22.4	17.2	25.4	18.4	Both worked
5.4	8.3	4.3	6.4	3.6	5.3	3.1	4.5	3.4	4.3	Husband only worked
1.9	2.2	1.6	1.9	1.4	1.6	1.4	1.4	1.4	1.3	Husband did not work
4.5	5.4	3.5	3.9	2.8	3.0	2.2	2.1	1.7	1.5	Male lone-parent
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Female lone-parent
5.9	3.1	4.4	2.2	2.8	1.2	1.3	0.6	0.4	0.2	Age of husband/parent
31.7	29.5	30.4	28.3	28.3	25.4	23.0	20.3	13.2	11.1	15-24 years
23.9	27.6	26.0	29.9	27.2	31.7	28.2	32.3	26.8	29.9	25-34 years
17.5	17.1	19.4	18.7	22.2	21.3	27.0	25.5	33.8	31.6	35-44 years
14.0	14.2	13.9	14.0	14.2	14.1	15.5	15.6	19.3	20.0	45-54 years
7.0	8.4	5.8	6.9	5.2	6.2	4.9	5.8	6.5	7.3	55-64 years
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	65 years and over
-	-	-	-	-	-	-	-	-	-	Major source of income
90.7	88.0	91.8	90.4	92.4	91.3	91.8	91.4	80.8	81.5	No income
4.7	4.4	4.4	3.8	4.3	3.9	4.9	4.2	12.1	11.2	Wages and salaries
0.8	1.9	0.4	1.0	0.2	0.5	0.1	0.2	-	0.1	Self-employment
2.3	2.8	2.2	2.4	2.0	2.3	2.3	2.5	6.3	5.5	Government transfers
1.5	2.9	1.3	2.4	1.0	2.0	0.8	1.6	0.8	1.7	Investment
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Miscellaneous
84.3	80.4	85.9	83.6	86.8	85.0	86.0	85.3	71.4	72.1	Wages and salaries
4.3	4.0	4.1	3.7	4.1	3.8	4.8	4.2	13.5	12.7	Self-employment
5.4	8.2	4.3	6.0	3.4	4.6	2.6	3.4	1.6	1.9	Government transfers
3.9	4.1	4.0	3.9	4.2	4.1	5.0	4.7	11.8	10.3	Investment
2.0	3.3	1.8	2.8	1.6	2.5	1.5	2.4	1.7	2.9	Miscellaneous

Source:
1981 and 1986 Censuses of Canada, unpublished data.

These demographic changes are also reflected in the distribution of families by major source of family income. Employment income consisting of wages and salaries and self-employment income, though the predominant source of family income, declined as a major source of family income from 82.2% of families in 1980 to 77.8% in 1985. In contrast, government transfer payments became the major source of income of 15.7% families in 1985 compared with 12% in 1980. Thus, the increases in families where husbands did not work, in female lone-parent families and in the elderly families are reflected in the third and fourth deciles where government transfer payments became a major source of income for twice as many families in 1985 as in 1980.

The growing importance of government transfer payments is also apparent from the composition of income, shown in the last block of data in Table 8. On the whole, the share of employment income dropped from 84.3% in 1980 to 81.1% in 1985, while that of government transfer payments increased from 7.1% in 1980 to 9.5% in 1985. The impact of these changes can be seen in the income composition of families in the second, third and fourth deciles. Government transfer payments, as a share of aggregate income, increased by nine and ten percentage points in the second and third deciles. Nearly two-thirds of the total income of families in the lowest decile, over one-half of that of families in the second decile and over one-quarter of the income of families in the third decile came from government transfer payments.

Income Equality

Chart 4 presents two Lorenz curves for all census families depicting their income distributions in 1980 and 1985. The horizontal axis in the chart represents the cumulative percentage of families arranged in order of size of income, while the vertical axis represents the cumulative share of aggregate income of these families. If all families received an

identical amount of income, the Lorenz curve would coincide with the diagonal. The further the curve is removed from the diagonal, the more unequal is the income distribution.

Although the difference between the two Lorenz curves in Chart 4 is extremely small, the coordinates of the 1985 Lorenz curve lie a little below the 1980 curve beyond the first decile of families. This points to a slightly greater inequality of income in 1985 than in 1980.

A statistical measure, associated with the Lorenz curve, to estimate equality or inequality of income distribution is the Gini coefficient. This coefficient expresses the area between the diagonal and the Lorenz curve as a proportion of the area under the diagonal. The value of this statistic lies between zero and one denoting, respectively, total equality and total inequality. **Table 9** provides Gini ratios for selected groups of families. Several points may be noted.

First, the overall Gini coefficients for 1980 and 1985 for all families show a slight increase, from 0.3528 in 1980 to 0.3599 in 1985. This is consistent with the changes in family income distributions discussed earlier, and with the relative position of the two Lorenz curves in Chart 4. The countervailing forces affecting family income have minimized changes in the overall family income distributions in 1980 and 1985.

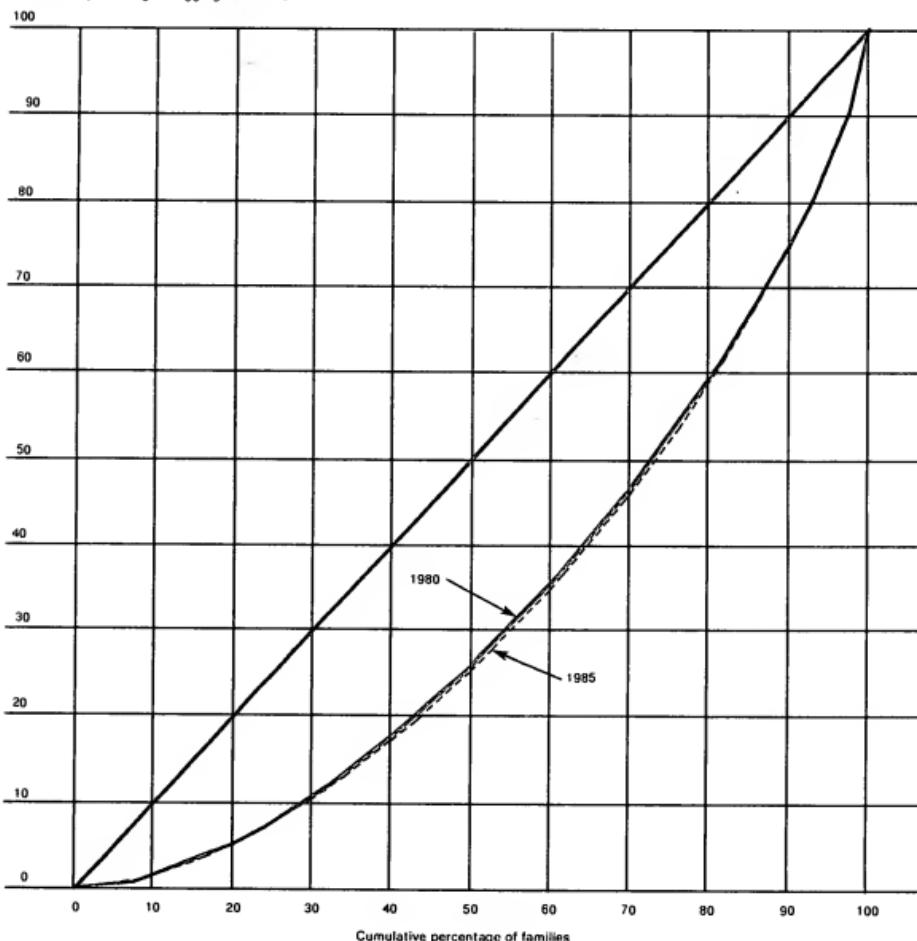
Secondly, by family structure, the greatest variation occurred in the incomes of female lone-parent families, with a Gini coefficient of 0.4224 in 1985. In contrast, with a coefficient of 0.2937, the incomes of husband-wife families with wives reporting employment income showed the least dispersion.

Thirdly, between 1980 and 1985, the Gini coefficients for male and female lone-parent families changed by over a percentage point but in opposite directions. Compared to 1980, the inequality of income decreased among female lone-parent families and increased among male lone-parent families.

Chart 4.

Cumulative Percentage Distribution of Census Families and of Their Aggregate Income, Canada, 1980 and 1985

Cumulative percentage of aggregate income



Source:
1981 and 1986 Censuses of Canada, unpublished data.

Finally, of all the family groups in Table 9, young families (under 25 years) experienced the largest increase in the degree of income inequality. The Gini coefficient for their income distribution increased from 0.3326 in 1980 to 0.3492 in 1985. The Gini

coefficient for elderly families (65 years and over) was virtually the same in 1985 as in 1980. This is because of the very large concentration of the elderly around the group's average income whose main component is government old age pensions.

Table 9. Gini Coefficients for the Income Distribution of Census Families by Selected Characteristics, Canada, 1980 and 1985

Characteristic	1980	Gini coefficient 1985
All families	0.3528	0.3599
Family structure		
Husband-wife families	0.3366	0.3378
Wife with employment income	0.2842	0.2937
Wife without employment income	0.3727	0.3719
Male lone-parent families	0.3754	0.3873
Female lone-parent families	0.4329	0.4224
Age of husband/parent		
15-24 years	0.3326	0.3492
25-44 years	0.3155	0.3238
45-64 years	0.3505	0.3606
65 years and over	0.3656	0.3654

Source:

1981 and 1985 Censuses of Canada, unpublished data.

Incidence of Low Income

For the last two decades, Statistics Canada has published low income statistics derived from the annual Survey of Consumer Finances and from the 1971, 1981 and 1986 Censuses. These statistics relate to economic families and unattached individuals. The concept of an economic family is broader than that of a census family in that an economic family consists of all persons related by blood, marriage or adoption and living together. It is assumed that relatives living together share expenses on basic needs such as food and shelter. Unattached individuals are persons either living alone or living in a household where they are not related to another person.

Low income cut-offs are relative levels determined from income and expenditure patterns for various categories of families. The income limits were selected on the basis that families and unattached individuals with incomes below these limits spent, on average, 58.5% or more of their income on food, shelter and clothing. These limits vary by size of area of residence and by size of the family;² they are not intended as measures of "poverty".

Since the survey from which low income cut-offs were determined excluded the Yukon, the Northwest Territories and Indian reserves, the

estimates in this section exclude those areas. With this exclusion, there were 6,681,300 census families and 3,442,900 non-family persons 15 years and over at the time of the 1986 Census.

As explained above, the low income cut-offs are calculated on the basis of economic family income. Where an economic family consists of more than a nuclear (census) family, each of the units making up the economic family carries the income status of the economic family. It is on this basis that the income status of census families and non-family persons is analysed in the following paragraphs.

The overall incidence of low income among census families increased from 12.8% in 1980 to 14.1% in 1985. As Table 10 shows, there were variations around this average by family structure and age of husband or parent.

The incidence of low income went up by about half a percentage point, from 9.6% in 1980 to 10.3% in 1985, among husband-wife census families but by over three points, from 15.7% to 19.0%, for male lone-parent families. The proportion of female lone-parent families with low income increased from 43.2% in 1980 to 45.1% in 1985.

² For details, see *Family Income: Economics Families*, Catalogue No. 93-118.

Except for the elderly families, the incidence of low income increased among all other families between 1980 and 1985. Among young families with husbands or parents under 25 years, the increase was substantial, from 23.4% in 1980 to 33.2% in 1985. Among elderly families, with husbands or parents 65 years and over, the incidence of low income dropped by over three percentage points, from 11.6% in 1980 to 8.2% in 1985.

At 33.1% in both 1980 and 1985, there was no change in the overall incidence of low income among non-family persons. These individuals live either alone or in a household where they are not

related to another person in a husband-wife or in a parent and never-married child relationship. By sex, the incidence increased by two and a half percentage points among male non-family persons, from 27% in 1980 to 29.5% in 1985. The incidence decreased by two percentage points among female non-family persons, from 38% in 1980 to 36% in 1985.

As was the case with families, the incidence of low income increased among both male and female non-family persons under 65 years of age. In contrast, there was a substantial decline in the incidence of low income among elderly non-family persons, from 43.7% in 1980 to 34.5% in 1985.

Table 10. Incidence of Low Income Among Census Families and Non-family Persons 15 Years and Over by Selected Characteristics, Canada,¹ 1980-1985

Characteristic	1980	1985
	%	
All census families	12.8	14.1
Family structure		
Husband-wife families	9.6	10.3
Male lone-parent families	15.7	19.0
Female lone-parent families	43.2	45.1
Age of husband/lone parent		
15-24 years	23.4	33.2
25-34 years	14.3	17.4
35-44 years	12.8	13.9
45-54 years	10.0	11.2
55-64 years	10.9	12.6
65 years and over	11.6	8.2
All non-family persons	33.1	33.1
Male	27.0	29.5
15-64 years	24.9	29.8
65 years and over	38.2	28.1
Female	38.0	36.0
15-64 years	33.3	35.6
65 years and over	45.6	36.5
Both sexes	33.1	33.3
15-64 years	28.9	32.5
65 years and over	43.7	34.5

¹ Excluding Yukon, Northwest Territories and Indian reserves.

Source:

1981 and 1986 Censuses of Canada, unpublished data.

Although the overall incidence of low income among census families was 14.1% in 1985, it is also important to examine the prevalence of low income among families with children. Table 11 highlights the wide range of incidence of low income among census families by family structure and presence of children of various ages.

Over 20% of all census families with pre-school age children (under 6 years) had low income in 1985. The proportion was 13.9% for husband-wife families but it increased to 69.2% among female lone-parent families with pre-school age children. The incidence among families with both parents present and with school age children (6 to 17 years) was 10.6%; among those with both pre-school and school age children, it was 15.9%. For female lone-parent

families, the respective proportions with low income were 50.5% and 76.5% in 1985.

About 12% of census families with no children under 6 years had low income in 1985. The rate increased to over 20% with one or two pre-school age children and to 28.7% for those with three or more such children. Similarly, the incidence among families with no children under 18 years was 9.2% compared with 18.8% among families with children under 18 years. As the statistics in Table 11 show, the rates were much higher for lone-parent families, especially for those headed by female lone parents. Compared with one in five female lone-parent families with no children under 18 years, four in five female lone-parent families with four or more children under 18 years had low income in 1985.

Table 11. Incidence of Low Income Among Census Families by Family Structure and Presence and Number of Children, Canada,¹ 1985

Presence and number of children	Family structure			
	All families	Husband-wife families	Male lone-parent families	Female lone-parent families
All families	14.1	10.3	19.0	45.1
Presence of children			%	
None	8.6	8.6	-	-
With children under 6 years	20.5	13.9	27.5	69.2
With no children under 6 years and with children 6-17 years	17.0	10.6	21.8	50.5
With children both under 6 and 6-17 years	21.3	15.9	32.1	76.1
With children 18 years and over only	10.4	6.6	13.0	21.3
Number of children under 6 years				
None	12.1	9.0	17.4	37.3
One	20.7	13.6	28.5	69.0
Two	20.1	15.8	30.8	21.4
Three or more	28.7	25.0	37.8	90.0
Number of children under 18 years				
None	9.2	8.1	13.0	21.3
One	18.8	10.9	21.7	51.8
Two	16.7	11.3	24.6	62.3
Three	21.5	16.6	30.3	74.6
Four or more	29.8	24.9	39.2	82.3

¹ Excluding Yukon, Northwest Territories and Indian reserves.

Source:
1981 and 1986 Censuses of Canada, unpublished data.

REGIONAL DIFFERENCES

Some Regions Gain, Some Lose

There were substantial differences in how the economic conditions affected families in various regions of the country. While one half of the provinces and territories gained in family incomes between 1980 and 1985, the other half lost significantly.

Average family income in Newfoundland, Quebec, Saskatchewan, Alberta, British Columbia and the Yukon decreased over the five years by 5.6%, while incomes of families in Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba and the Northwest Territories increased by 3.8%. The largest increment was experienced by families in the Northwest Territories where they gained, in terms of constant (1985) dollars, about \$2,600 or 6.9%, followed by \$1,600 or 5.2% in Nova Scotia. The largest decline, about \$5,300 or 11.6%, occurred in the Yukon, followed by \$4,000 or 9.7% in British Columbia. Thus, the overall drop of 1.2% in average family income was an average of both positive and negative movements in regional incomes.

Provinces and Territories Change Ranks

Chart 5 shows the provincial and territorial average family incomes in constant (1985) dollars in 1970, 1980 and 1985. Between 1970 and 1985, the lowest increase in family incomes occurred in the Yukon (15.8%), followed by Quebec (20.1%).

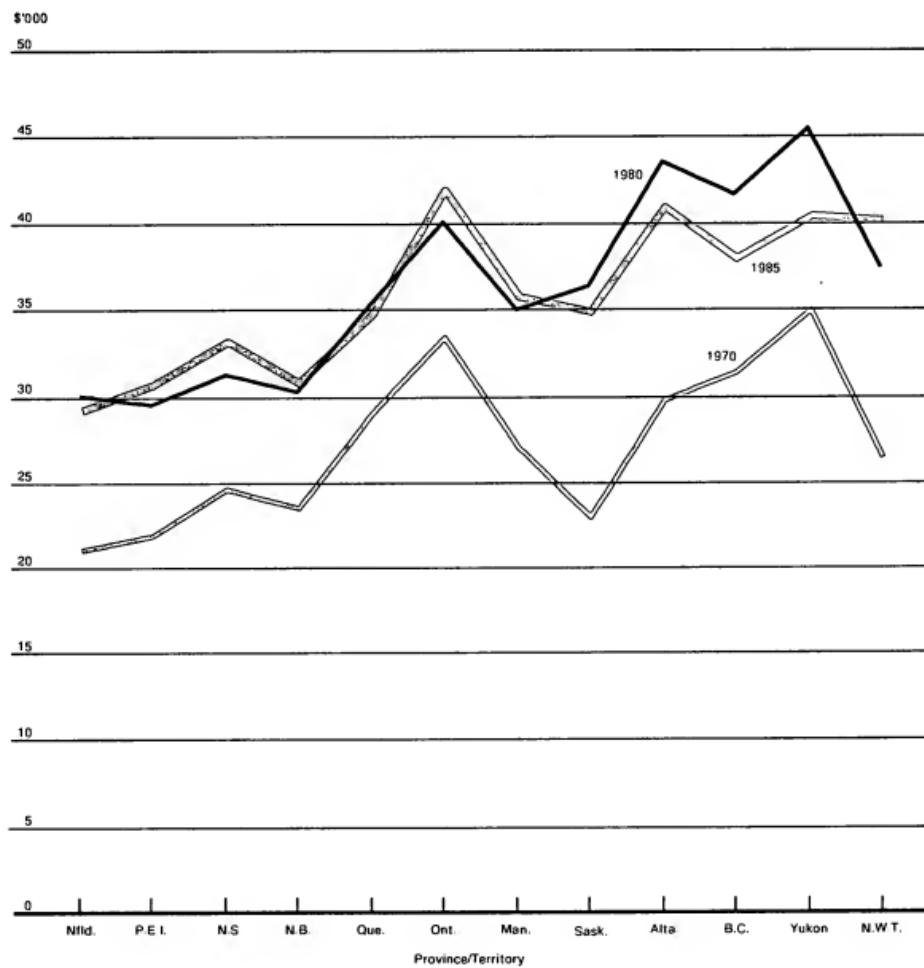
Families in Saskatchewan and the Northwest Territories gained the most (52.4%), followed by Prince Edward Island (40.7%).

Both the gains in the seventies and the losses in the early eighties were generally well above average among the Western provinces. Families in Ontario experienced the lowest average increase in the seventies but a well above-average increase between 1980-1985. The average income of families in Quebec increased in the seventies at a lower than average rate but declined at an above-average rate between 1980-1985. Except for Newfoundland, the Atlantic provinces gained in both periods.

As a result of these varying changes, there have been significant movements in the relative position of provinces and territories in terms of average family incomes. On the one hand, Saskatchewan and the Northwest Territories moved up three places on the income ladder between 1970 and 1985 — Saskatchewan from tenth to seventh place, and the Northwest Territories from seventh to fourth place. Quebec, on the other hand, lost three places from fifth place in 1970 to eighth place in 1985. Alberta moved from fourth to second position in 1980 and maintained this position in 1985. British Columbia and the Yukon occupied, both in 1970 and 1980, third and first positions but moved down two places to fifth and third positions in 1985. Ontario had gone down from second place in 1970 to fourth in 1980 but moved up into first position in 1985.

Chart 5.

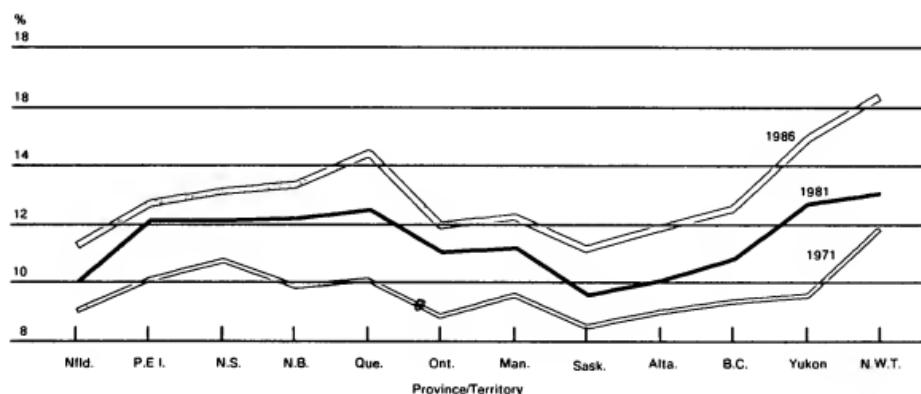
Average Income in Constant (1985) Dollars of Census Families, Provinces and Territories, 1970, 1980 and 1985



Source:
1971, 1981 and 1986 Censuses of Canada, unpublished data.

Chart 6.

Lone-parent Families as a Proportion of All Census Families, Provinces and Territories, 1971, 1981 and 1986

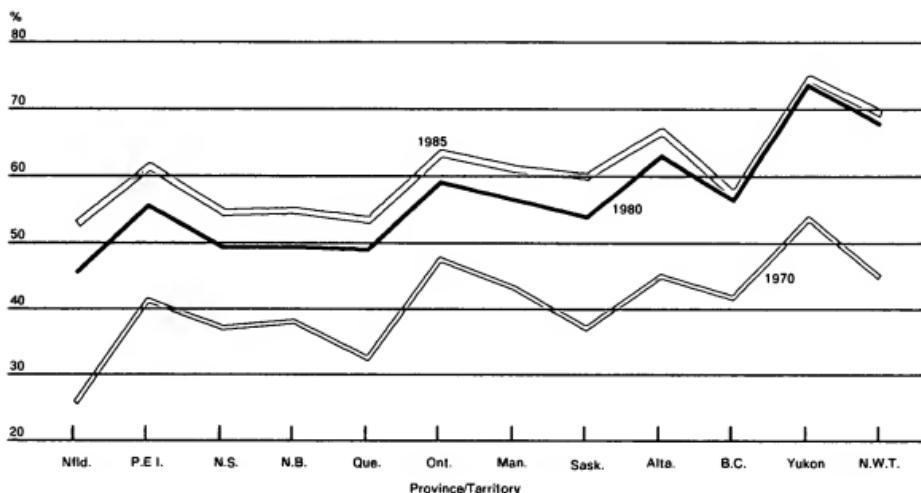


Source:

1971, 1981 and 1986 Censuses of Canada, unpublished data.

Chart 7.

Percentage of Husband-wife Families With Both Spouses With Employment Income, Provinces and Territories, 1970, 1980 and 1985



Source:

1971, 1981 and 1986 Censuses of Canada, unpublished data.

Many factors underlie the provincial variations in the levels of income and changes over time. Some of these factors have been analysed in this study. For example, family income varies with family structure. Lone-parent families have lower incomes than husband-wife families. Over the years, the proportion of lone-parent families has been increasing in general but, as shown in **Chart 6**, the rate of increase has not been uniform among the provinces. Other things being equal, areas with a higher concentration of lone-parent families will have lower family income. Some of the provinces and the two Territories consistently show above-average proportions of such families.

Similarly, the 1986 Census data show that families in which both spouses worked were able to withstand the impact of the recession of the early eighties. Areas with larger than average proportions of families with both spouses working are likely to have above-average family incomes. As shown in **Chart 7**, there are significant differences among the various regions in respect of combination of earners in families.

In nearly 59% of all husband-wife families, both spouses worked in 1985. But this proportion reflects the large weight of Ontario families where over 62% of the wives worked in 1985. The proportions in the Eastern provinces were significantly lower, with Quebec lower by almost ten percentage points compared with Ontario.

Regional Income Gap Narrows

Despite these varying changes, the income gap between the lowest and the highest provincial average family incomes has been declining. In 1970, the ratio between the lowest and highest provincial average family incomes (Newfoundland and Yukon) was 59.6%. The lowest (Prince Edward Island) to the highest (Yukon) family income ratio moved to 64.9% in 1980. There was further narrowing of the regional gap in 1985, with the ratio between the lowest (Newfoundland) and highest (Ontario) average family incomes increasing to 69.3%.

CONCLUSION

To summarize, average family income in 1985 was 1.2% lower than in 1980 after adjustment for inflation. An analysis has shown that this overall downward change was not universal among different family types or different regions of the country. During the five years, the average income of elderly families increased by 4.7%, that of male-lone parent families decreased by 6%, that of families with employment income remained constant, and that of families without any earner increased by 6.8%. Similarly, between 1980 and 1985, while Ontario families gained 4% in average family income, moving to the top position in terms of family income, families in British Columbia lost 9.7% in average family income, moving from third position in 1980 to fifth position in 1985.

The analysis also revealed that Canadian families have continued to undergo structural changes. Some of these changes, such as the increase in the proportion of families with both spouses working, had a positive impact on overall family incomes. Others, such as the increase in female lone-parent and elderly families, had a negative impact. The net effect of a variety of factors was a 1.2% drop in the average income of families between 1980 and 1985.

The sixties and the seventies were decades of rapid overall growth and expansion. This study shows that, for many of the income-related variables, there is either a change in the previously observed trends or, at least, a change in the previously observed rates of expansion/contraction. Examples are the minor drop between 1980 and 1985 in the proportion of three-earner families, the increases in the number of elderly families, the change in the composition of lone-parent families, a reduction in the rate of increase in the participation of wives in the labour force, and so on.

The recession of the early eighties had an impact on family incomes and the income-related variables. Data from the annual Survey of Consumer Finances show that the decline in family incomes ended in 1984 and family incomes have been rising since 1985. It is also possible that some of the changes described in earlier sections of this paper are an indication of new trends. If so, then it is possible that families will not see any major gains, similar to those in the early seventies, in their real incomes. Whether or not the changes in family structure, combination of income earners and incidence of employment income are portents of new trends will have to await the results of the 1991 Census.

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